



STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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CHARLES R. COHEN
Director of Insurance

Circular Letter 1999-8

TO: Insurance Industry Representatives, Insurance Trade Associations, Life & Disability Insurers, Property & Casualty Insurers, And Other Interested Parties

FROM: Charles R. Cohen
Director of Insurance

DATE: October 20, 1999

RE: **Codification of Statutory Accounting Principles**

The purpose of this circular is to advise authorized insurers of new rules for financial accounting practices and procedures (referred to as "codification of statutory accounting principles") that will become effective for all financial reporting on and after January 1, 2001.

A.R.S. § 20-223(A) requires authorized insurers to file statements of financial condition, transactions, and affairs in accordance with "the instructions and accounting practices and procedures that are approved by the national association of insurance commissioners." The NAIC has adopted a new Accounting Practices and Procedures Manual which incorporates statements of statutory accounting principles. The new manual is effective on January 1, 2001. Pursuant to A.R.S. § 20-223(A), insurers doing business in Arizona will be required to conform to the accounting practices and procedures in the new manual for financial filings with an "as of" date on and after January 1, 2001. Prior to that date, insurers must continue to submit financial information in accordance with the current version of the NAIC Accounting Practices and Procedures Manual. However, the Arizona Department of Insurance will accept filings from foreign insurers made in accordance with the codification of statutory accounting principles for "as of" dates prior to January 1, 2001, if so required by the insurer's domiciliary jurisdiction.

If you have any questions regarding this circular, please contact Gary Torticill, Chief Financial Examiner, Corporate and Financial Affairs Division, Arizona Department of Insurance at 602-912-8420; (fax) 602-912-8421.